

# National Aeronautics and Space Administration

## *Chief Financial Officer's* **2000 Federal Financial Management Report**

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## **FORWARD**

The Chief Financial Officer's (CFO) annual Federal Financial Management Report highlights NASA and associated Governmentwide financial and resources management issues. These issues are discussed in terms of accomplishments, milestones, and future initiatives. (For brevity, NASA's financial and resources management activities are also referred to collectively as CFO activities and financial management activities.)

The Report also serves as NASA's Financial and Resources Management Strategic Functional Implementation Plan. As such, this report not only complies with external CFOs Act requirements, but also provides related plans, strategies, and status information for internal NASA strategic management processes.

## NASA's ORGANIZATION

NASA was legislatively established by the National Aeronautics and Space Act of 1958 to conduct space activities devoted to peaceful purposes for the benefit of all humankind. NASA is to preserve the leadership of the United States in aeronautics and space research and development (R&D) consistent with the Agency Mission.

NASA is an investment in America's future. As explorers, pioneers, and innovators, we boldly expand frontiers in air and space to inspire and serve America and to benefit the quality of life on earth.

NASA's missions are to:

- (1) Advance and communicate scientific knowledge and understanding of the earth, solar system, and the universe, and to use the environment of space for research.
- (2) Explore, use, and enable the development of space for human enterprise.
- (3) Research, develop, verify, and transfer advanced aeronautics, space, and related technologies.

NASA is organized and managed through its Headquarters in Washington, D.C., nine field Centers, and one Government-owned, contractor-operated facility. In 2000, NASA employed approximately 18,600 civil servants, primarily engineers and scientists.

Key organizations, their locations and related missions follow.

### Location

*NASA Headquarters (HQ)  
Washington, DC*

*Ames Research Center (ARC)  
Moffett Field, CA*

*Dryden Flight Research Center (DFRC)  
Edwards, CA*

### Mission

Leadership and management, consisting of the Office of the Administrator, five Strategic Enterprises, Functional and Staff Offices, and the Office of the Inspector General (OIG)

Aviation Operation Systems and Astrobiology

Flight Research

Location

*Goddard Space Flight Center (GSFC)*  
*Greenbelt, MD*

Wallops Flight Facility Wallops Island, VA  
Goddard Institute for Space Studies New York, NY

*Glenn Research Center (GRC)*  
*Cleveland, OH*

*Lyndon B. Johnson Space Center (JSC)*  
*Houston, TX*

*Jet Propulsion Laboratory (JPL)*  
*Pasadena, CA*  
Government-owned, contractor-operated facility

*John F. Kennedy Space Center (KSC)*  
*Kennedy Space Center, FL*

*Langley Research Center (LaRC)*  
*Hampton, VA*

*George C. Marshall Space Flight Center (MSFC)*  
*Marshall Space Flight Center, AL*

*John C. Stennis Space Center (SSC)*  
*Stennis Space Center, MS*

Mission

Earth System Science/Physics  
and Astronomy

Aeropropulsion

Human Exploration and Astro  
Materials

Instrument Technology and  
Planetary Science & Exploration

Space Launch

Airframe Systems and  
Atmospheric Science

Space Transportation Systems  
and Microgravity Research

Rocket Propulsion Testing and  
Commercial Remote Sensing

## **STRATEGIC MANAGEMENT**

NASA manages its activities through a Strategic Management System. This System integrates planning, managing and reporting required to manage missions and related activities. It also provides information and results to fulfill planning and reporting requirements of the Government Performance and Results Act (GPRA). NASA Strategic Management activities occur within a framework that includes several basic elements: (1) External Customers, (2) Strategic Enterprises, (3) Crosscutting Processes, (4) Implementing Strategies, and (5) Headquarters and Centers. Implementing strategies are highlighted in the Agency strategic plan and in Enterprise and Center implementation plans. The strategic plan is based on a commitment to satisfy external customers. The strategic management system and related plans also highlight key Agency and Enterprise goals and processes that enable each Enterprise to develop and deliver products and services to internal and external customers.

The System integrates strategic and implementation planning at Enterprise and Center levels, program and project plans, and individual employee performance planning. It also integrates annual and five-year budget planning, performance planning, and related reporting. NASA's financial and resources activities are a key component of the Strategic Management System. This includes the objective to optimize investment strategies and systems to align human, physical, and financial resources with customer requirements, while ensuring compliance with applicable statutes.

## **VISION**

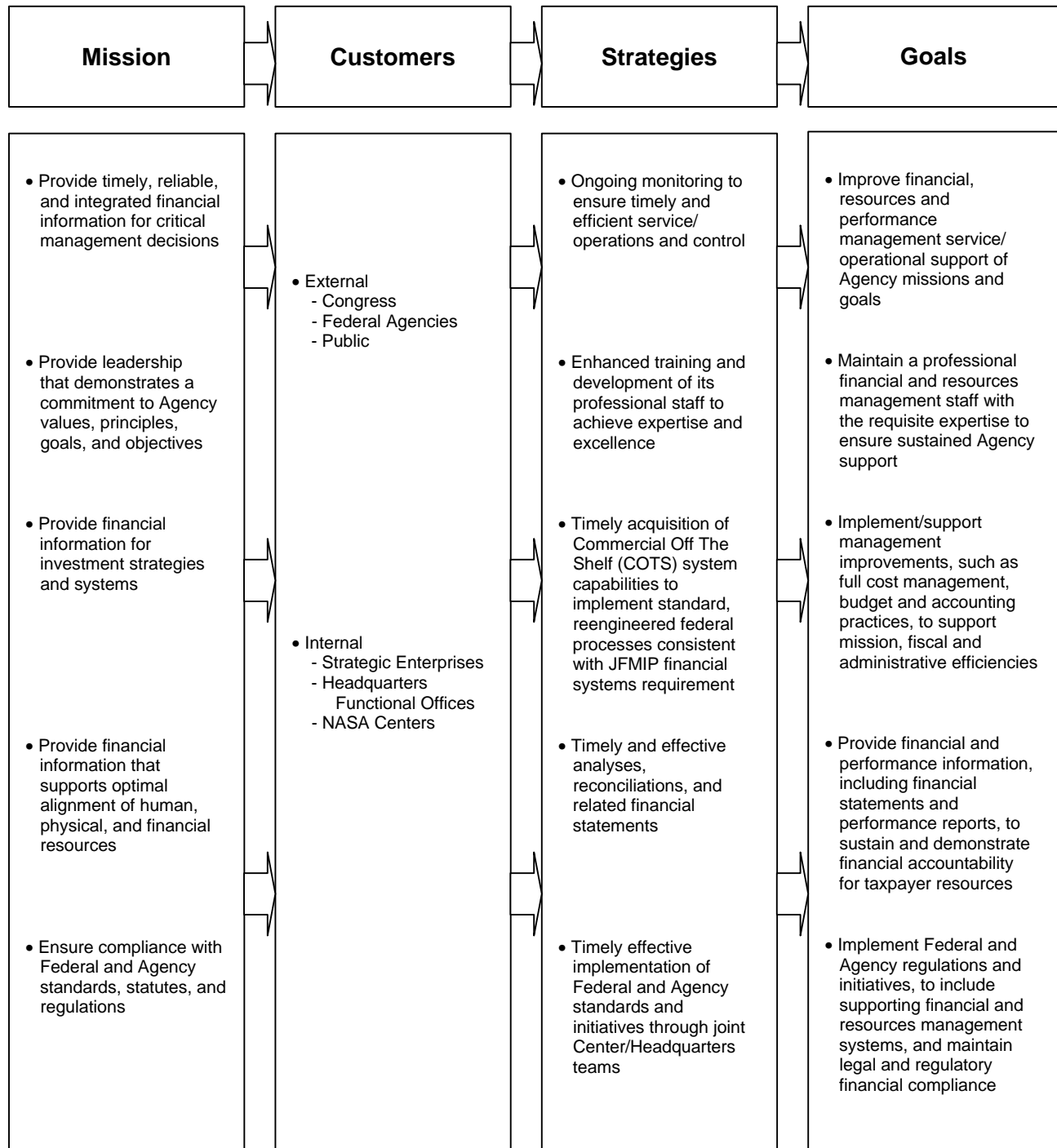
The NASA vision of financial management includes a world-class team of financial and resources management professionals working in partnership with program and administrative personnel. The objective is to provide timely, accurate, and reliable information through efficient, integrated, financial management systems to effectively plan, guide, control, manage, and support missions. The financial management vision is consistent with the Agency strategic vision, and with the related, broader vision of the Federal Government.

To achieve financial management excellence, the Agency continues to develop and maintain a strong financial and resources management organization to meet the changing requirements and challenges of the 21<sup>st</sup> century. This includes providing superior customer service to internal and external customers, to enable timely and informed technical and administrative decisions.

The financial management vision is consistent with the Federal vision articulated by the U.S. Government Chief Financial Officers (CFO) Council. The CFO Council vision focuses on shaping an environment in which Government officials use high-quality

financial and performance information to make and implement effective policy, management, stewardship, and program decisions. The CFO Council's highest priority is assuring reliability of financial information demonstrated by obtaining unqualified opinions on individual agency and the Governmentwide consolidated financial statements. Other critical priority areas include: (1) implementing Federal accounting standards and financial management systems to provide program managers with complete and accurate information on the cost of programs; (2) promoting recruitment, retention and professional development of a high-quality Federal financial management workforce; (3) improving debt collection for major receivable accounts; (4) modernizing financial practices in support of business operations; and (5) providing management guidance for Federal grants. NASA's financial management activities readily align with these broader Federal priorities.

## FINANCIAL & RESOURCES MANAGEMENT STRATEGIC PLAN





## **STRATEGIES AND GOALS**

The fundamental goal of NASA's financial management activities is to effectively support Agency missions. NASA integrates several basic initiatives that focus on efficient and effective: (1) service/operations; (2) staff; (3) systems; (4) statements and reporting; and (5) standards. These initiatives are being pursued through the financial management plan as Agency strategies and goals. They directly support counterpart Federal financial management strategies.

NASA is pursuing the following financial and resources management strategies:

- (1) Ongoing monitoring to ensure timely, effective and efficient service, operations and control,
- (2) Enhanced training and development of its professional staff to achieve expertise and excellence,
- (3) Acquisition of commercial off-the-shelf system capabilities to implement standard, reengineered federal processes consistent with Joint Financial Management Improvement Program financial systems requirements,
- (4) Timely and effective analyses, reconciliations, and related financial statements,
- (5) Timely, effective implementation of Federal and Agency standards and initiatives through joint Center/Headquarters teams.

Headquarters management has communicated its ongoing strategies and objectives for financial management essential to support missions, Center Directors, Center CFOs, and other senior managers. The timely achievement of the objectives is dependent upon the joint and active participation of all parties.

NASA's fundamental financial management goals focus on efficient and effective support of NASA missions. NASA must proceed with key strategies to help measure performance in meeting the following goals:

- (1) Effectively and efficiently plan, monitor, control and manage financial management services and operations, including key customer support in support of agency missions and goals,
- (2) Create and maintain a financial management professional staff with appropriate expertise and excellence to ensure sustained Agency support,
- (3) Implement an integrated financial management system, including capabilities to support full cost practice for managing, budgeting, and accounting on a project basis in addition to other Agency management improvements,
- (4) Provide timely, accurate, useful, reliable, and verifiable external financial statements, financial performance information and internal financial information to support sustained accountability for appropriated resources, and

- (5) Effectively implement Federal and Agency initiatives, statutes, standards and regulations.

NASA's goals, objectives, strategies and initiatives are consistent with Government-wide goals/priorities identified by the U.S. Government's CFO Council and established by the Office of Management and Budget in its Federal Financial Management Report. The Government-wide goals are to: (1) improve financial accountability; (2) improve financial performance; (3) invest in human capital; (4) manage obligations to the Federal Government; and (5) improve administration of Federal grant programs.

## **IMPROVE FINANCIAL ACCOUNTABILITY**

### Government-wide Goal:

*Develop reliable, useful, and timely financial and performance information by:*

- Ensuring sound accounting standards that provide the basis for Federal financial statements and consistent, reliable financial information;*
- Preparing annual financial statements and obtaining unqualified opinions for all CFO Act agencies; and*
- Issuing timely, useful, and reliable financial management reports.*

### NASA Goal:

Provide timely and effective financial and performance information, including financial statements and performance reports, to sustain and demonstrate financial accountability. NASA continues to pursue reporting excellence by consistently obtaining unqualified audit opinions on Agency financial statements.

TARGET DATE:    FY 2000 (Annually)

### Achievements in the Past Year:

- Obtained sixth Unqualified Opinion; and
- Participated as member of JFMIP Committee on Systems Standards for Property.

### INITIATIVES:

NASA's Full Cost initiative introduces new cost accounting, budgeting and management practices. The full-cost concept and approach integrates full-cost accounting, budgeting, and management practices for improved cost effective mission performance by providing timely and reliable information for better plans, decisions, and disclosure. Full costing is consistent with sound business practices and legislative and administrative guidance, including the CFOs Act of 1990, Government Performance and Results Act of 1993, and National Performance Review.

The new accounting practices will report direct, service, and General and Administrative (G&A) cost for all projects. This includes the establishment and operation of standard G&A and Center service pools to report and disclose the matching of costs with related project performance. These standard processes and practices will support full cost through the new Integrated Financial Management (IFM) System.

The new budget practices will budget and control full cost through the projects and support a realigned budget structure with fewer operation plan level controls for improved cost management. The full cost budget will provide maximum project content within constrained budgets, strengthening the project and mission relationship for readily defensible budget requests.

The new management practices will empower Project Managers to control and influence cost with more visibility to all direct charges against their projects. Enterprise and Center management will establish strategic direction and related capabilities consistent with Strategic Plans and manager and customer requirements.

The implementation of full costing is to occur during the next few years. This target is contingent upon a variety of related activities, including the implementation of NASA's IFM System.

The full cost initiative has been divided into the following phases.

<u>Phase</u>	<u>FY</u>	<u>Status</u>
Acquisition of Core Financial Software	2000	Completed
Design	2001	Planned
Interim Full Cost Practices	2000/2002	Ongoing
Test	2002	Planned
Implementation	2003	Planned

NASA is using interim full cost practices during the next few years, before the new IFM System becomes fully operational. This interim approach will provide for a smooth transition into full cost practices supported by the IFM System and achieve the benefits associated with full cost practices. The interim practices focus on: (1) direct labor cost distribution to projects; and (2) General and Administrative (G&A) and service pool structure standardization in FY 2000.

#### ONGOING:

##### Accounting and Reporting Standards

NASA must provide reliable, useful, verifiable, timely financial resources and performance information on its operations and activities. During 1999, NASA received its sixth consecutive unqualified audit opinion on its annual financial statements. These statements were developed and audited pursuant to the CFOs Act of 1990 and the Government Management Reform Act of 1994.

For FY 1999, NASA implemented Statement of Federal Financial Accounting Standards (SFFAS) No. 14, "Amendments to Deferred Maintenance Reporting." Deferred maintenance will be reported as required supplementary information rather than as part of the Statement of Net Cost.

NASA is implementing two additional standards:

- (1) SFFAS No. 10, "Accounting for Internal Use Software." This statement describes accounting standards for the cost of software developed or obtained for internal use. The provisions of this standard are effective for Fiscal Year 2001.
- (2) SFFAS No. 15, "Management's Discussion and Analysis." This statement sets forth the requirements for reporting an entity's performance measures, financial statements, systems and controls, compliance with laws and regulations, and actions taken or planned to address problems. The provisions of this standard are effective for Fiscal Year 2000.

#### Budget Formulation/Execution

The GPRA directs agencies to align programs and activities with concrete missions and goals, manage and measure results to justify appropriations and authorizations, and design budgets that reflect strategic missions. NASA's Strategic Plan provides the top level strategy of what it does, who its customers are, where it is going and why.

In developing budget requests and operating plans, each Center and Enterprise must ensure that existing and proposed programs directly support the mission, goals, and objectives presented in performance plans. NASA's FY 2001 Performance Plan has been submitted to Congress in accordance with GPRA requirements. NASA's activities must demonstrate key results of its Program Offices through metrics, which must correlate with actual and planned levels of performance.

The FY 2002 Transition Budget will reflect budget data based on current service budget levels as directed by OMB. This provides groundwork for the incoming Administration's budget. This will be the basis for planning budget requirements through FY 2011. The new Administration will provide its economic assumptions and policy to facilitate development of a new budget.

#### Financial Statements

NASA's financial statements reflect its overall financial position and activities, including assets and liabilities, and the results of operations, pursuant to the requirements of

Federal Law (31 U.S.C. 3515b). The statements are consistent with guidance specified in OMB Bulletin 94-01, "Form and Content of Agency Financial Statements," as supplemented by OMB Bulletin 97-01, "Formats and Instructions for the Form and Content of Agency Financial Statements," and NASA's accounting policies. The statements have been prepared from NASA's books and records.

These statements are in addition to separate financial reports prescribed by OMB and the U.S. Department of the Treasury used to monitor and control budgetary resources, which are prepared from the same books and records.

#### FY 1999 Audit

In the opinion of Arthur Andersen, an independent accounting firm, NASA's FY 1999 financial statements present fairly, in all material respects, the financial position of NASA as of September 30, 1999, its budgetary resources for the years then ended, and its net cost, changes in net position, and financing for the year ended September 30, 1999, in conformity with generally accepted accounting principles.

#### Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to annually provide a statement of assurance regarding management controls and financial systems.

The 1999 Accountability Report included the Annual Statement of Assurance for FY 1999. This was the sixth consecutive year in which NASA received an "Unqualified Opinion," the highest possible rating provided by the audit profession. The report was designed to provide concise and informative facts, figures, and program information to reflect programs and objectives.

NASA is pleased to report continued progress in strengthening management controls. A reengineered program/project management process is in place. All Centers and Headquarters have obtained third-party International Organization for Standardization (ISO) certification. The establishment of ISO quality management systems is a major management control initiative and provides for ongoing corrective action and continuous improvement of key management processes. Management has identified and is taking additional corrective actions to improve information technology security.

## Significant Areas of Concern

The following areas have been categorized as significant areas of concern:

*Financial Management Systems:* Over the course of time the development and integration of the previously procured software proved to be unworkable, and the contract relationship was terminated in early 2000. In April 2000, the IFM System strategy was restructured. The new strategy pursues a modular re-engineering of business processes and implementation of COTS software prioritized by contribution to Agency goals, Center needs, and data dependencies. The initial acquisition of a new Core Financial system backbone has been completed and the Agency is moving forward with implementation.

*Information Technology (IT) Security:* NASA procured and is now installing a common set of network monitoring tools to improve our intrusion detection, reporting, and coordination capability. Steps have been taken to improve the effectiveness of the NASA Automated Systems Incident Response Capability; and a Memorandum of Agreement with the Federal Computer Incident Response Capability has been negotiated, which includes the expedited exchange of information on incidents. We are working aggressively to improve Information Technology Security (ITS) training. A multimedia CD-ROM was distributed, created in close cooperation with Defense Information Systems Agency, as part of all employees' mandatory annual ITS awareness training. The Chief Information Officer (CIO) or Deputy CIO visited all Centers for briefings on the need for ITS and the requirement to adhere to policies. We are also integrating training on ITS risk assessment and management into the curriculum of the Agency's Academy of Program /Project Leadership.

*Decommissioning of Plum Brook Reactor:* A decommissioning plan has been submitted to the Nuclear Regulatory Commission and NASA is awaiting comments and approval. NASA has included the funding in the FY 2002 budget request. The estimated cost for decommissioning the Plum Brook reactor is \$152 million. Until such time as the comments/approval from NRC are received and NRC approves the decommissioning project plan, NASA will continue to report the decommissioning of the Plum Brook Reactor as a significant area of concern.

## Impediments to the Submission of 2000 Audited Financial Statements

NASA does not anticipate any impediments that would preclude meeting a March 1, 2001, due date for its FY 2000 statements.

## **IMPROVE FINANCIAL PERFORMANCE**

### Government-wide Goal:

*Improve the financial performance of the Federal Government by:*

- *Developing financial management systems that provide timely, usable, and reliable financial information to increase accountability and improve program management;*
- *Streamlining financial transactions using best business practices;*
- *Offering common administrative services to achieve efficiencies and reduce cost; and*
- *Maintaining a secure systems environment.*

### NASA Goal:

Implement a secure Integrated Financial Management (IFM) System, including capabilities designed to support full cost practice for managing, budgeting, and accounting on a project basis in addition to other Agency management improvements.

TARGET DATE:    FY 2002

### Achievements in the Past Year:

- Awarded contact for Core Accounting Financial module as part of IFM System;
- Established first NASA Regional Finance Center;
- Issued new NASA Federal Travel Regulation Supplement (in plain English) that replaced NASA FMM policy;
- Implemented NPG 2810 "Security of Information", ADP security improvements for the protection of IT resources, integrated into and supporting NASA missions; and
- Started pilot Split Disbursement Payment Option process for travel reimbursements.

### INITIATIVES:

NASA will implement a commercial-off-the-shelf (COTS) system to meet the CFOs Act and Federal Financial Management Improvement Act requirements. This will be an integrated Agency accounting and financial management system, including financial reporting and internal controls. NASA is acquiring the "best of suite", Joint Financial Management Improvement Program (JFMIP) certified, COTS system for



the core financial function and pursue suites or best of breed software systems for the remaining functions that best meet the selected Agency business drivers. The core financial function will encompass accounts receivable, accounts payable, budget execution, cost allocation, fixed assets, purchasing, and standard general ledger processes. The remaining functions will include procurement management, budget formulation, travel management, applicant tracking, position description management, logistics, facilities, environmental, aircraft, time and attendance, and payroll.

NASA will design the new integrated financial management system to accommodate future needs. The new system will improve customer information and data interoperability capabilities to enable the shift to e-business. The new system will improve the efficiency of processes allowing NASA to "do more with less" in the face of shrunken budgets. It will allow the Agency to act more like a private corporation by eliminating the need for multiple sets of books and provide a greater understanding of cost drivers and the cost-value relationship. Perhaps most importantly, the new system will ensure that each of the projects is based on business drivers linked to the Agency Strategic Plan. These drivers are: (1) provide timely, consistent, and reliable information for management decisions; (2) improve NASA's accountability and enable full cost management; (3) achieve efficiencies and operate effectively; (4) enhance information exchange with customers and stakeholders; and (5) attract and retain a world-class workforce.

The software selected will provide an Integrated Financial Management system for the Agency. This does not necessarily mean acquiring one software application that will cover all financial management system needs. Rather, integrated financial management systems are planned and managed together, operated in an integrated fashion, and linked together electronically in an efficient and effective manner to provide Agencywide financial system support necessary to carry out the missions and programs while supporting financial management needs. Users will be able to have one view into the system such that they can enter or obtain information through electronic means, even though all information will not be physically located in the same database.

The core financial system will be deployed mid-summer 2001 as a pilot project at the Marshall Space Flight Center in Huntsville, Alabama and will operate approximately 12 months. Thereafter, the core financial system will be implemented at the remaining Centers. The remaining systems will be phased-in over a period of time as determined by budget availability.

## ONGOING:

### Baseline Structure

Currently, the financial management systems structure is a series of Agencywide and Center-unique automated systems. These systems support budget, financial, and procurement functions. Each Center has a specific financial accounting system, which, in some cases, is integrated with Center budget systems. These systems are augmented by Agencywide systems in the areas of Personnel, Payroll, Procurement, Supply, and Inventory.

### Financial Systems

NASA's accounting principles, standards, and system design were approved by the GAO in 1969. Over the years, NASA's financial systems have remained in basic conformance with evolving accounting principles and standards established by the GAO. However, to optimize support of the Agency mission, the systems require significant enhancement. While the systems, broadly construed, have been effective in providing verifiable financial information, they are not efficiently integrated or economical and related processes and practices are not standardized.

Existing systems provide budgetary information, employ common account classifications, common definitions, internal controls, and consistent reporting formats. In addition, NASA's accounting policy is well documented and in conformance with accounting standards and regulations. Headquarters oversight and quality assurance evaluations are conducted to insure Center compliance with policy promulgations.

Nevertheless, while existing systems, staff reconciliations and reporting practices have been effective, the multiple systems, absence of standardization, and level of reconciliations are far from efficient or economical. Until the Integrated Financial Management (IFM) System is in place, NASA will continue to report financial management systems as a significant area of concern.

## NASA INVENTORY OF CURRENT FINANCIAL AND REPORTING SYSTEMS

<u>Center</u>	<u>Name of System</u>
Headquarters	Financial and Contractual Status System General Ledger Accounting System Agency Reimbursable Reporting System Status of Approved Programs System Agencywide Coding Structure Preliminary Accrued Cost Financial Highlight System Financial Accounting System Teleprocessing
Ames Research Center	Cost, Obligations, Accruals and Disbursements Accounting System
Goddard Space Flight Center	Fiscal Accounting System
Johnson Space Center	Interactive Basic Accounting System/Basic Accounting System
Kennedy Space Center	Space Transportation Accounting and Resources System
Langley Research Center	Resources Management System
Glenn Research Center	Accounting System
Marshall Space Flight Center	Marshall Accounting and Resource Tracking System
Stennis Space Center	Management Accounting and Statusing System

## **INVEST IN HUMAN CAPITAL**

### Government-wide Goal:

*Develop and maintain a high quality Federal financial management workforce by:*

- *Assisting agencies in recruiting and retaining qualified financial management personnel; and*
- *Promoting effective financial management education and training within the Federal Government.*

### NASA Goal:

Maintain a professional financial and resources management staff with the requisite expertise to ensure sustained quality Agency support.

TARGET DATE:   FY 2000-2002

### Achievements in the Past Year:

- Continued participation in the CFO Fellowship Program;
- Enhanced the Training and Development website;
- Completed HQ Training Needs Assessment;
- Selected a full-time Headquarters Training Officer; and
- Participated as member of Human Resources Committee for Revised Qualification and Classification Standards.

### INITIATIVES:

The CFO is involved in the recruitment and selection process for all Agency key financial and resources management positions. This involvement supports the timely selection of highly-qualified candidates as top financial and resources managers. NASA continues to pursue the recruitment, development and retention of highly-qualified financial and resources management leaders. These efforts continue to be significantly complicated by the dramatic agency staff downsizing that has occurred. NASA's current approach to staff development includes active Center participation, expected to provide a strong, cost-effective, Agencywide, cross-Center training and development program. This program is managed by Center financial and resources management staff with oversight and participation from each Center and Headquarters, as well as from key Agency and Center human resources staff.

This long-term staff development project builds upon the Joint Financial Management

Improvement Program (JFMIP) and Governmentwide CFO Council work in this area. The effort is being phased in during the next few years and is expected to establish the financial and resources management human resources development framework for ongoing pursuit of professional staff excellence. This effort is critical to long-term effective and efficient financial management.

## ONGOING:

### Training and Development

The human capital initiative focuses on ensuring that Agency financial management and resources management staff, including staff in program organizations, have the requisite expertise to meet current and future Federal and Agency requirements. The initiative involves establishing a learning and development environment that supports appropriate staff development. NASA's Financial and Resources Management Career Development Guide (CDG) and Individual Development Plan (IDP) Advisor provide employees and supervisors with key tools to support required staff development. The CDG is a consolidated reference document to aid employees and their supervisors in career development planning. The IDP Advisor guides them through a process to develop a personal action plan, identifying short and long-term career goals. Each IDP reflects specific training and other developmental experiences in support of these goals, including planned completion dates.

### Staff

NASA must have a professional staff with capabilities commensurate with the challenging requirements of the current and future Federal financial and resources management environment. In that regard, it is important to maintain an appropriate organizational structure for financial and resources management activities and appropriate professional standards for critical CFO positions; to appropriately assess and motivate exceptional performance, maintain effective intra-Agency communications, and train and develop the entire financial and resources. A variety of key staff activities have been initiated, including Center CFO Performance Assessments, the CFO Council, and an Agency Training and Development initiative. In addition, the Center CFO organization is expected to have full personnel management responsibility for financial and resources management staff.

## **MANAGE OBLIGATIONS TO THE FEDERAL GOVERNMENT**

### Government-wide Goal:

*Improve credit management and collection of obligations to the Federal Government by:*

- *Continuing to improve debt collection practices;*
- *Streamlining portfolio management through asset sales; and*
- *Maximizing the use of the Internet for credit and debt management programs.*

### NASA Goal:

Provide sufficient financial information to support the Agency use of Treasury's debt collection services as required by the Debt Collection Improvement Act of 1996.

TARGET DATE:    FY 2000 (Annually)

### Achievements in the Past Year:

- Increased the use of Treasury debt collection services.

### ONGOING:

Debt collection activities are an ongoing process which represents an important operational improvement practice. In accordance with the Debt Collection Improvement Act (DCIA) of 1996, NASA refers delinquent accounts receivable to the Department of the Treasury for cross-servicing and offset. The DCIA created key debt collection tools including use of private collection agencies, administrative offset, litigation, and tax refund offset.

## **IMPROVE ADMINISTRATION OF FEDERAL GRANT PROGRAMS**

### Government-wide Goal:

*Provide better management of the over \$300 billion in grants awarded annually to our inter-governmental and non-profit partners by:*

- *Improving the framework of grant policy;*
- *Simplifying Federal programs' administrative requirements;*
- *Exploring electronic processing options;*
- *Streamlining the delivery of payments; and*
- *Furthering audit and oversight policy.*

### NASA Goal:

Implement Agency regulations and initiatives to reduce reporting leading to an efficient and effective all-electronic grants application and payment process.

TARGET DATE:    FY 2002

### Achievements in the Past Year:

- Participated in the development and review of JFMIP document for the Grants Financial System Requirements; and
- Initiated discussion with Department of Health and Human Services to increase increase use of its Payment Management System for electronic payment of all NASA grants and cooperative agreements.

### INITIATIVES:

NASA is working with the Department of Health and Human Services (DHHS) to improve the Agency's grant financial reporting and payment process. The initiative will involve the transfer, reconciliation, and monitoring of grant payment activity for Centers, to the DHHS Payment Management System (PMS). All Grant payments will be processed through the PMS system via electronic funds transfer upon direct request of the Grantee. Funds paid to the Grantee will be distributed to the individual grants associated with the Grantee "pooled" drawdown. "Pooled" amounts distributed to each participating grant, through use of an algorithm, will be reconciled quarterly, upon receipt of electronic SF Forms 272, Federal Cash Transactions Reports. Reconciled data will update individual grant accounts in the Agency's core accounting system.

### ONGOING:

NASA policy is to manage grant funding so that it achieves an uncosted carryover of funding on grants of not more than six months. The policy is consistent with grants management practices that stagger grant awards over the course of the fiscal year. In addition, NASA has a related target to obligate 100 percent of Agency funds, directly associated with the grant activities, by the end of the fiscal year. Uncosted obligations are obligations incurred for which costs have not been accrued. Cost is a financial measurement of resources used in accomplishing a specified purpose, such as performing a service, acquiring an asset, or completing a project. NASA attempts to optimize its use of uncosted funds through cost phasing--planning the use of funds over time.

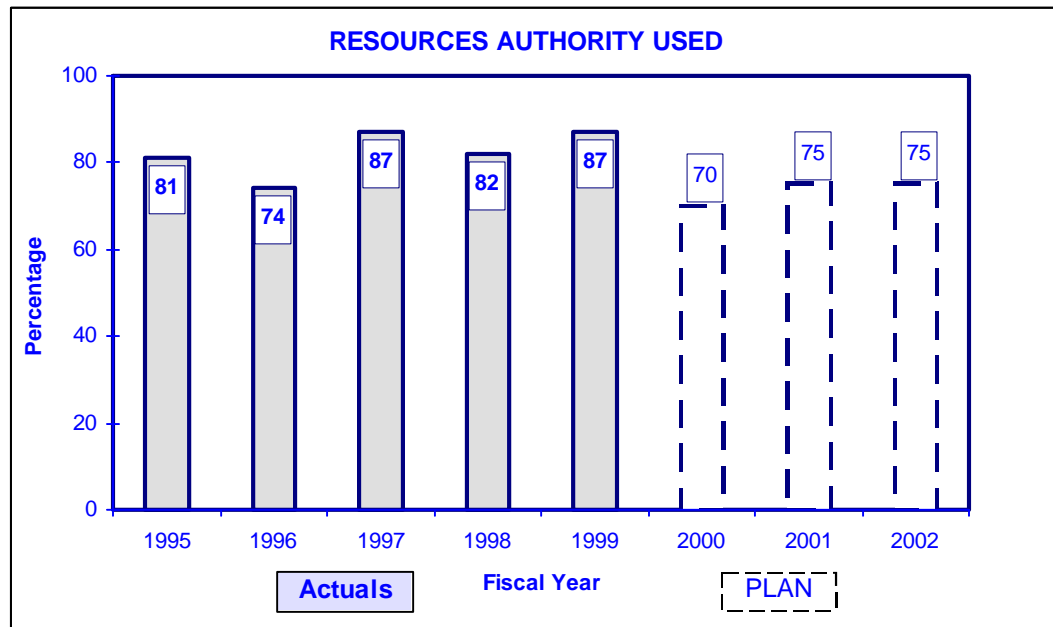


## FINANCIAL MANAGEMENT PERFORMANCE METRICS

NASA integrates metrics into its financial and resources management (budget, accounting and reporting) activities. While numerous performance metrics are applicable to the financial area, two high-level metrics have been identified for key Government Performance and Results Act (GPRA) performance monitoring.

NASA financial activities are in two basic areas: (1) resources management (budgeting); and (2) financial management (accounting and reporting). The selected metrics focus on the effectiveness of financial activities, specifically, the timely and effective use of financial resources and timely effective payments to vendors that provide goods and services. NASA's monitoring of such metrics is an ongoing element of its financial and resources management operations.

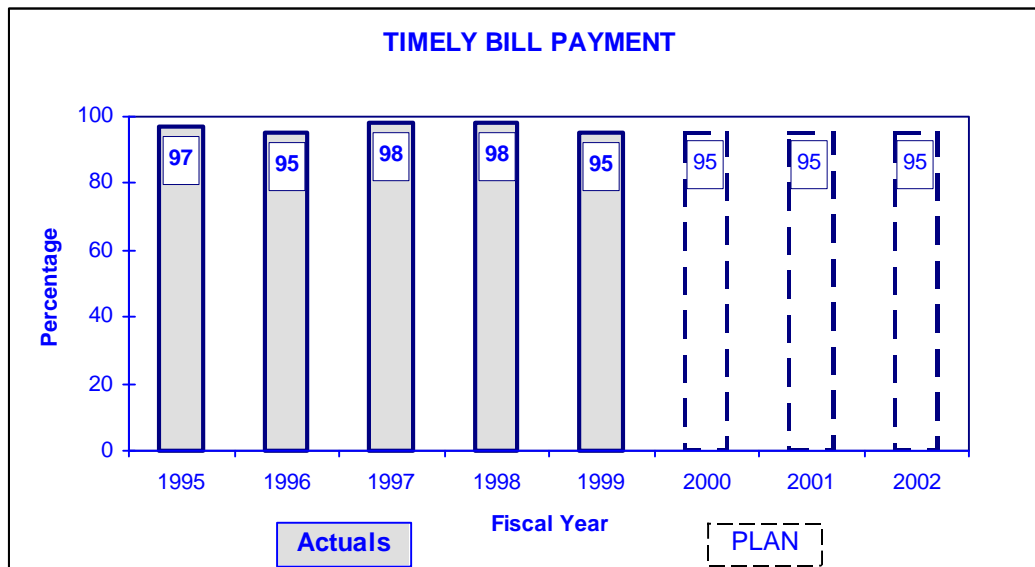
### Resources Authority Used



The planning and use of budgetary resources are critical activities to effectively plan, control, distribute, and use available resources in a timely manner, consistent with policy and legal regulations, and NASA strategic and external guidelines.

This metric indicates the effective use of resources provided through appropriations to optimize investment strategies and systems and to align financial resources with customer requirements. The FY 01/02 performance targets for this resources metric is to use and cost at least 75 percent of the available resources authority within the fiscal year.

## Timely Bill Payment



The timely and accurate payment of vendor invoices, as well as other contractually required payments, is a critical step in the resources use process. This Government cash management activity is a critical element in the maintenance of a solid working relationship between NASA and the aerospace industry.

Consistent with the Prompt Payment Act and its requirements, the realistic goal is to pay at least 95 percent of vendor bills on time. This metric indicates the percentage of the dollar value of vendors' billings, including valid vendor invoices and contract financing requests, that are paid within the Prompt Payment Act and cash management regulation time requirements. The payment date is typically on or about the 30<sup>th</sup> day after the receipt of a valid vendor bill and the related goods or services.

## APPENDIX I

## ACRONYMS

ARC	Ames Research Center
CDG	Career Development Guide
CFO	Chief Financial Officer
CFOs	Chief Financial Officers Act of 1990
COTS	Commercial-off-the-Shelf
DCAA	Defense Contract Audit Agency
DCFO	Deputy Chief Financial Officer
DCIA	Debt Collection Improvement Act
DFRC	Dryden Flight Research Center
DHHS	Department of Health and Human Services
FASAB	Federal Accounting Standards Advisory Board
FFMIA	Federal Financial Management Improvement Act
FMFIA	Federal Managers' Financial Integrity Act
FTE	Full-Time Equivalent
GAO	General Accounting Office
G&A	General and Administrative
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GRC	Glenn Research Center
GSFC	Goddard Space Flight Center
HQS	Headquarters
IDP	Individual Development Plan
IFM	Integrated Financial Management
ISO	International Organization for Standardization
IT	Information Technology
ITS	Information Technology Security
JFMIP	Joint Financial Management Improvement Program
JPL	Jet Propulsion Laboratory
JSC	Johnson Space Center
KSC	Kennedy Space Center
LaRC	Langley Research Center
MSFC	Marshall Space Flight Center
NASA	National Aeronautics and Space Administration
NPG	NASA Procedures and Guidance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PMDP	Project Management Development Program
PMS	Payment Management System
QAE	Quality Assurance Evaluation
SFFAS	Statement of Federal Financial Accounting Standards
SSC	Stennis Space Center